
GRANT NUMBER 0041-REG (SF)

GRANT AGREEMENT
(Special Operations)

(Prevention and Control of Avian Influenza in Asia and the Pacific Project)

between

FOOD AND AGRICULTURE ORGANIZATION

and

ASIAN DEVELOPMENT BANK

DATED 28 APRIL 2006

GAS:REG 39662

**GRANT AGREEMENT
(Special Operations)**

GRANT AGREEMENT dated 28 April 2006 between FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (hereinafter called FAO) and ASIAN DEVELOPMENT BANK (hereinafter called ADB).

WHEREAS

(A) ADB has approved the provision of a grant in a total amount of thirty-eight million Dollars (\$38,000,000) for the Project described in Schedule 1 to this Grant Agreement;

(B) FAO has applied to ADB for a grant for the purposes of financing activities under Components 1(a[ii]) and 2 of the Project described in Schedule 1 to this Grant Agreement; and

(C) ADB has agreed to provide the grant to FAO from ADB's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Special Operations Grant Regulations of ADB, dated 7 February 2005 (hereinafter called the Grant Regulations), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject to the following modification: the term "Recipient", wherever it appears in the Grant Regulations, shall be substituted by the term "FAO" as defined in the opening paragraph of this Grant Agreement.

Section 1.02. The definitions set forth in the Grant Regulations are applicable to this Grant Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "ASEAN Secretariat" means the Association of South East Asian Nations Secretariat;

(b) "DMC" means the developing member country of ADB;

(c) "Executing Agency" for the purposes of, and within the meaning of, the Grant Regulations means ADB, acting through an Avian Influenza Secretariat, which is responsible for the carrying out of the Project;

(d) "international technical agencies" or "international organizations" means ASEAN Secretariat, WHO and FAO;

(e) "region" means Asia and the Pacific;

(e) "regional technical agencies" means regional offices of international technical agencies;

(f) "Special Funds" for the purposes of this Grant Agreement means the Asian Development Fund (hereinafter called ADF), the Technical Assistance Special Fund (hereinafter called TASF) , and the Japan Special Fund (hereinafter called JSF); and

(g) "WHO" means the World Health Organization.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to FAO from ADB's Special Funds resources, on terms and conditions set forth in this Grant Agreement, an amount of six million four hundred ninety thousand Dollars (\$6,490,000) as follows:

(a) an amount of four million four hundred eighty-eight thousand Dollars (\$4,488,000) from ADF;

(b) an amount of two hundred thirty-one thousand Dollars (\$231,000) from TASF; and

(c) an amount equivalent of one million seven hundred seventy-one thousand Dollars (\$1,771,000) from JSF.

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. FAO shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement. FAO shall ensure that the portion of the Grant financed from ADF resources is used for the benefit of ADF-eligible borrower DMCs listed in Attachment 1 to Schedule 5 to this Grant Agreement.

Section 3.02. The goods and services and other items of expenditure to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant among different categories of such goods and services and other items of expenditure shall be in

accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between FAO and ADB.

Section 3.03. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Schedule 3 and Schedule 4 to this Grant Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of goods and services shall be made only on account of expenditures relating to goods which are produced in and supplied from and services which are supplied from such countries of ADB as shall have been specified in Schedule 3 and Schedule 4 to this Grant Agreement, and

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 28 February 2009 or such other date as may from time to time be agreed between FAO and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, FAO shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Grant Agreement.

Section 4.02. (a) FAO shall (i) keep accurate and systematic accounts and records in respect of the Project in such form and detail as are customary in its profession and are sufficient to establish accurately that the costs and expenditures under the Project have been duly incurred; (ii) ensure that all financial transactions are recorded in a separate account established for the purposes of this Grant Agreement; (iii) have such accounts and related financial statements audited biennially, in accordance with appropriate auditing standards consistently applied, by auditors appointed by FAO whose qualifications, experience and terms of reference are acceptable to ADB; (iv) furnish to ADB, within 6 months after the end of each related biennium certified copies of audited financial statements of FAO and the reports of the auditors related to that and not later than 6 month after the end of each fiscal year certified financial reports by Director of Finance of FAO, all in the English language; and (v) furnish to ADB a certificate on the use of the ADF resources for ADF-eligible borrower DMCs as specified in Section 3.01 of this Grant Agreement and such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) FAO shall provide ADB annually with a certified statement of expenditures on the use of the Grant proceeds disbursed by ADB during the previous 12 months, within 3 months after the end of the year. Such statements of account shall be in Dollars. Each biennium and after the Project completion date, FAO shall provide ADB with a statement of expenditure on the use of the total disbursed amount of the Grant, together with an extract from FAO's accounts as submitted for audit to the external auditor whose certificate will appear in FAO's biennial financial report.

(c) FAO and ADB agree that FAO will enable ADB, upon ADB's request, to discuss FAO's financial statements for the Project and its financial affairs related to the Project from time to time with Director of Finance, FAO or other officer designated by the Director of Finance.

ARTICLE V

Effectiveness

Section 5.01. A date ninety (90) days after the date of this Grant Agreement is specified for the effectiveness of the Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Assistant Director-General, Technical Cooperation Department of FAO is designated as representative of FAO for the purposes of Section 11.02 of the Grant Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For FAO

Food and Agriculture Organization of the United Nations
Via delle Terme di Caracalla
00100 Roma, Italy

Cable Address:

FOODAGRI ROME

Telex Number:

625852 FAO I
610181 FAO I

Facsimile Number:

39 06 570 54385.

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444
(632) 636-2409.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

FOOD AND AGRICULTURE
ORGANIZATION

By _____
TESFAI TECLE
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
HARUHIKO KURODA
President

SCHEDULE 1**Description of the Project**

1. The Project will (a) support international efforts to respond to the threat of highly pathogenic avian influenza and to prepare for a possible human influenza pandemic; and (b) help prevent possible social and economic disruption due to avian and human influenza outbreaks in the region. The Project will help to achieve these goals by supporting activities at country and regional level for containing avian influenza and preventing and preparing for human influenza pandemic. The Project will support activities that benefit DMCs in the region and will be implemented in close coordination with other national and international initiatives.

2. The Project has the following components:

Component 1 – Regional Capacity Building

This Component includes:

(a) Containing Infection-at-Source

- (i) Strengthen the capacity of ASEAN Secretariat to provide adequate support to DMCs against avian influenza and in the animal health sector in general; and
- (ii) Strengthen the capacity of FAO to provide adequate support to DMCs against avian influenza and in the animal health sector in general as specified in Attachment 2 to Schedule 5 to this Grant Agreement.

(b) Preventing Human Infection and Preparing for Potential Human Influenza Pandemic

Strengthen the capacity of WHO to support DMCs at the regional level by financing consultants and the procurement of equipment, supplies, drugs and services as required.

Component 2 – Regional Coordination

This Component will include, but is not limited to, the following activities:

(a) Improved Technical Coordination

- (i) support the establishment of networks to share epidemiological and other scientific information, diagnostic problems and solutions, laboratory specimen and samples as appropriate;
- (ii) help develop regional research and development projects related to emerging diseases;
- (iii) strengthen regional reference laboratories, if requested;
- (iv) coordinate responses to avian influenza and emerging diseases;

- (v) increase technical exchanges of staff and researchers; and
 - (vi) support regional efforts to develop and manufacture human and animal influenza vaccination and drugs.
- (b) *Rapid Field Response and Containment Capacity*
- (i) support efforts to establish a cadre of national and international professionals resident in the region, who could be rapidly mobilized to respond to a human influenza pandemic; and
 - (ii) strengthen communication networks in the region to ensure early warning of emerging diseases.
- (c) *Risk Communication*
- (i) If required, support the activities of the international organizations and DMCs to develop and implement appropriate risk communication strategies on avian influenza and emerging diseases.

Component 3 – Avian Influenza Response Facility

This Component will address the changing needs of the evolving epidemic in an expeditious and flexible manner through the establishment of the Avian Influenza Response Facility. Provision of financing under this Component will be needs-based and will include, but not limited to, the following activities:

- (i) provide critical and urgent financing need for rapidly containing an avian influenza outbreak;
- (ii) meet urgent needs for responding to human influenza outbreaks during a pandemic or pre-pandemic scenario; and
- (iii) support for regional stockpiling.

Component 4 – Project Management

This Component will include, but is not limited to:

- (i) support for workshops and meetings required for the Project coordination with participating DMCs and international organizations; and
- (ii) coordination efforts with other partners at regional and country levels.

3. The Project includes provision of consulting services. The Project is expected to be completed by 31 August 2008.

SCHEDULE 2**Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Categories of goods, services and other items to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Grant on the basis of the percentages set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds set forth in the Table,

(a) if the amount of the Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to FAO, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Grant then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to FAO, reallocate such excess amount to any other Category.

Disbursement

4. The Grant proceeds, will be drawn down on the basis of the estimated expenditures up to 12 months. At the time of each drawdown, FAO shall submit to ADB a written application setting out, among other things, a forecast of the requirements for the use of the Grant proceeds to be drawn down. The amounts to be drawn down shall subsequently be replenished/liquidated against (i) statement of expenditures (SOE), categorized according to the Table, and (ii) annual Project financial report showing the source and use of the Grant proceeds, certified by FAO. The forms for these procedures will be provided by ADB.

Retroactive Financing

5. Withdrawals from the Grant Account may be made for reimbursement of reasonable expenditures incurred under the Project, including but not limited to contracting consultants, before the Effective Date, but not earlier than 3 months prior to the Effective Date, subject to a maximum amount of 10% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS*					
(Thousand of Dollars)					
(Prevention and Control of Avian Influenza in Asia and the Pacific Project)					
		ADF	TASF	JSF	Total
	<i>Percentage Allocation</i>	69.2%	3.6%	27.3%	
1	Consulting services (including travel)	3,325	171	1,312	4,808
2	Equipment	183	11	72	266
3	Drugs, Protective Clothing, and Supplies	-	-	-	-
4	Information, Communication, Data Management	-	-	-	-
5	Training, Research and Development, Meetings, Conferences, and Exchanges	423	20	167	610
6	Incremental Cost, Administration, Logistics, and Supply Management	557	29	220	806
	Total	4,488	231	1,771	6,490

*Exclusive of taxes.

SCHEDULE 3**Procurement**

1. Except as ADB may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply in the procurement of goods and services to be financed out of the proceeds of the Grant. In this Schedule, the term "goods" includes equipment and materials; the term "services" does not include consulting services.

2. Procurement of goods and services by FAO shall be done in accordance with procurement procedures of FAO, acceptable to ADB.

Procurement of Drugs and Vaccination

3. Notwithstanding the preceding paragraph, procurement of drugs and vaccination shall be done in accordance with FAO's guidelines.

Advance Procurement Action

4. Given the urgency of the Project, ADB has approved advance action prior to the Effective Date, up to but not including the award of contracts for the procurement of goods and services. Notwithstanding approval of such advance action, FAO shall ensure that procurement of all such goods and services is carried out in accordance with the provisions of this Schedule.

Procurement From Non-Member Countries

5. In view of the need to coordinate with other international organizations and to facilitate work with potential cofinanciers, the procurement of goods and services shall be open to suppliers in both ADB member and non-member countries.

Industrial or Intellectual Property Rights

6. (a) FAO shall ensure that all ADB-financed goods and services procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) FAO shall ensure that all ADB-financed contracts for the procurement of goods and services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

SCHEDULE 4**Consultants**

1. The services of consultants shall be utilized in the carrying out of the Project. The terms of reference of the consultants shall be as determined by agreement between ADB and FAO.
2. The selection, engagement and services of individual consultants shall be subject to the provisions of this Schedule and the provisions of recruitment procedures of FAO, acceptable to ADB.
3. Given the urgency of the Project, ADB has approved advance action prior to the Effective Date, up to but not including the award of contracts for consulting services. Notwithstanding approval of such advance action, FAO shall ensure that engagement of consultants is carried out in accordance with the provisions of this Schedule.
4. In view of the need to coordinate with other international organizations and to facilitate work with potential cofinanciers, the contracting of consultants shall be from both ADB member and non-member countries.
5. FAO shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

SCHEDULE 5**Execution of Project and Operation of
Project Facilities**

1. ADB, acting through the Avian Influenza Secretariat, shall be the Executing Agency for the Project. The Executing Agency will, among other things (i) provide overall supervision of the Project and strategic guidance; (ii) support workshops and meetings required for the Project coordination with participating DMCs and international organizations; and (iii) support coordination efforts with other partners at country and regional levels.
2. FAO shall be the Implementing Agency and shall implement the Project in accordance with detailed arrangements described in Attachment 2 to this Schedule, which may be amended from time to time by agreement between ADB and FAO. FAO shall implement the Project in close coordination with ADB and shall commence activities in the territory of a DMC upon advice of ADB.
3. A Steering Committee will be established to coordinate activities under the Project. Unless otherwise decided by ADB, the Steering Committee will be headed by the Director General, Regional and Sustainable Development Department of ADB and will comprise directors general of ADB's regional departments and Strategy and Policy Department. The Steering Committee will meet every three months or more frequently if needed, to give guidance in the Project implementation, policy dialogue, and building regional capacity and cooperation.
4. The Project is expected to have no significant impact on environment, resettlement, indigenous people, or other vulnerable groups. If emerging needs require new Project activities during implementation that may have an impact on environment, resettlement, indigenous people or other vulnerable groups FAO will inform ADB and will prepare and submit to ADB for approval plans, prior to requesting financing for that particular activity.

LIST OF ADF-ELIGIBLE BORROWERS

1. Afghanistan
2. Azerbaijan
3. Bangladesh
4. Bhutan
5. Cambodia
6. Cook Islands
7. Federated States of Micronesia
8. Indonesia
9. Kiribati
10. Kyrgyz Republic
11. Lao People's Democratic Republic
12. Maldives
13. Marshall Islands
14. Mongolia
15. Nepal
16. Pakistan
17. Papua New Guinea
18. Samoa
19. Solomon Islands
20. Sri Lanka
21. Tajikistan
22. Timor-Leste
23. Tonga
24. Tuvalu
25. Uzbekistan
26. Vanuatu
27. Vietnam

FAO SUBPROJECT DESCRIPTIONIntroduction

1. As part of its response to the highly pathogenic avian influenza (HPAI) epizootic in Asia in early 2004, FAO committed US\$1.2 million to establish three regional networks of national diagnostic laboratories and teams undertaking surveillance activities, to support infected countries in Southeast, East and South Asia. With persistence of the disease in Asia, FAO is seeking support to strengthen and support such networks.

2. HPAI outbreaks were first identified in rapid succession in six Asian countries (Vietnam, Thailand, PR China, Lao PDR, Cambodia and Indonesia) in December 2003 and early 2004. Since then it is reported infrequently in Cambodia and Lao PDR could have become free of the disease. In China and Vietnam the disease has become endemic and widespread and has persisted despite concerted control efforts. Both countries are currently running vaccination campaigns, having failed to contain the disease by stamping out and/or targeted vaccination. In Thailand, the disease has been well controlled within the large commercial sector but has persisted in the backyard poultry sector. In Indonesia; attempted control by relying mainly on vaccination and partial stamping out has not been successful. HPAI virus continues to circulate in the region, threatening the poultry industry, livelihoods and food security of poor farmers and jeopardizing public health.

3. The regional networks are designed to improve the quality of surveillance and diagnosis by providing technical support to national staff engaged in this work in each country. Regular meetings will allow the interchange of information and knowledge and identify strengths and weaknesses in national systems so that support can be focused on areas of need and solutions provided based on shared experience. The networks will also establish the capacity for undertaking social, economic and policy assessment at national and regional levels. The regional networks will be operated through specific regional programs developed with the guidance of a regional coordinator, who will be responsible for ensuring continuity of activity and harmonization of approach.

4. The assistance proposed in this Project is designed to be proactive, within the general concept and framework of GF-TADs. Early warning networks, emergency response, timely disease reporting and feedback, the epidemiology of wild bird-domestic bird interactions and improvements in laboratory diagnostic capacity, are critical elements in the disease management strategies. The Project will also provide a platform for interaction with the OIE/FAO avian flu laboratory networks (OFFLU) for harmonization of AI diagnostic techniques, provision of test reagents, training of laboratory personnel and confirmation of laboratory test results on AI.

Objectives

5. The Project will: (a) support international efforts to reduce the prevalence of avian influenza among poultry and the vulnerability of the human population to influenza; and (b) reduce the social and economic disruption due to avian and human influenza outbreaks in the region. The Project will help in accomplishing these goals by supporting activities at the country and regional level for containing avian influenza and preventing and preparing for a

human influenza pandemic. The Project will be implemented in close coordination with other national and international initiatives.

6. The overall goal of the Project is to minimize extension of the current avian influenza panzootic in Asia, by assisting countries to control avian influenza within the poultry producing sectors and by preparing non-infected countries for the rapid detection of, and effective response to incursions of the disease.

Components

Component 1 –Regional Capacity Building

7. This Component will strengthen the capacity of the Recipient to provide adequate support to DMCs against avian influenza and to the animal health sector in general. Support will focus on activities that directly benefit DMCs in the region and support their national efforts for detecting and containing the infection-at-source in animals.

8. FAO has established an Emergency Centre for Transboundary Animal Disease (ECTAD) Unit in FAO Headquarters, to coordinate the response at the global and regional level. In support of the main Headquarters ECTAD, a Regional Support Unit has been established in the Regional Office for Asia and the Pacific in Bangkok to coordinate HPAI disease control efforts in the region, to harmonize the approach to control strategies and to provide technical advice to regional and national initiatives for avian influenza prevention, detection, preparedness and control. The plan is to strengthen this Unit to support disease control efforts in infected countries and preparedness activities in other countries in the region that are considered particularly at risk.

9. The main activities of this Component will include:

- provide technical advice to regional and national initiatives for avian influenza prevention, detection, preparedness and control;
- coordinate and harmonize technical approaches to HPAI control and prevention between countries;
- provide technical advice and develop information and communication strategies at the regional level including information on personal protection for farmers and animal health workers;
- strengthen regional capabilities for economic and policy analysis related to HPAI occurrence and its control;
- assist with the process of national planning and response;
- provide technical expertise in support of the planning processes for national HPAI control and emergency preparedness, national surveillance design, definition of policies and methodologies.

Component 2 – Regional Coordination

10. This Component will strengthen regional cooperation and communication among DMCs on avian influenza and emerging diseases.

11. In early 2004, FAO set up three regional networks of national diagnostic laboratories and teams to undertake surveillance activities to support infected countries in Southeast, East and South Asia.

12. The underlying principles of the regional multifaceted approach to HPAI prevention and control and networking are (i) early warning and disease intelligence based on transparent information sharing to detect report and control outbreaks before they become widespread; (ii) tracking potentially dangerous changes in the virus and (iii) rapid response capacity.

13. The Project will provide support to strengthen and sustain such networks of epidemiology teams and laboratories at many levels including field, central/national and regional. The regional networks will be operated through specific regional programs developed with the guidance of the regional coordinator, who will be responsible for ensuring continuity of activity and harmonization of approach.

14. The main activities of this Component will include:

- implement specific support for the activities of lead regional laboratories and epidemiology teams;
- develop linkages with Regional Organizations e.g. ASEAN Sectoral Working Group on Livestock (ASWGL); as well as national and international animal health organizations involved in HPAI control;
- conduct strategic and technical meetings;
- provide training tools and training;
- procure equipment (laboratory equipment and consumables, and data processing) and logistic support to the poorest countries;
- collect disease information data and analyze and disseminate;
- create mechanisms and develop tools to enhance and perpetuate the process of exchanging information and experience on HPAI control including surveillance and diagnosis;
- communicate epidemiological analyses to support the effective implementation of HPAI control programs, focusing on strengthening early detection and response and biosecurity.

Component 3 – Avian Influenza Response Facility

15. This Component will address the changing needs of the evolving epidemic in an expeditious and flexible manner and assist countries to mount an immediate and effective response to avian influenza outbreaks through mobilisation of technical and operational support. This Component is not specifically budgeted in this program but it is foreseen that, especially with newly diagnosed outbreaks in poor countries, there will be a need to purchase at short notice supplies to permit a rapid response to prevent spread of infection and thus protect the remainder of the country and surrounding countries. Provision of financing under this Component will be needs-based and will include the following activities:

- provide equipment, vaccine and other consumables for rapidly containing an avian influenza outbreak;
- assist government authorities in the rapid implementation of disease control particularly in newly infected countries.

Component 4 – Project Management

16. This Component will include:

- support for workshops and meetings required for the Project coordination with participating DMCs and international organizations; and
- coordination efforts with other partners at regional and country levels.

Expected Main Outputs

17. Successful implementation of the Project will result in the following major outputs:

- a harmonized regional approach will be established to achieve early detection and reporting through regional coordination centers;
- a proficiency testing system will be implemented for national veterinary laboratories with the support of the World Organization for Animal Health (OIE)/FAO network of International reference Laboratories and Collaborating Centres for Avian Influenza (OFFLU);
- sustainable networks will be established, bringing together veterinary officials and experts from the national diagnostic laboratories and epidemio-surveillance teams and to build their capacity to support the above;
- data analysis and disease intelligence capacity will be strengthened to understand better the epidemiology of the disease and prepare risk maps to allow implementation of targeted surveillance and control programs;
- epidemiological capacity will be enhanced to revise strategies and improve the effectiveness of disease control activities;

- a review of methodologies for social, economic and policy assessment of HPAI in the light of available data will be conducted;
- funds available to assist countries to mount an immediate and effective response to avian influenza incursion will be available.

18. The above achievements will lead to:

- improved disease monitoring through training in surveillance, early reporting, rapid field and laboratory diagnosis, long-term monitoring and the generation of sound epidemiological information;
- improved understanding of the regional dimension of the epidemic;
- effective control and recovery strategies for the poultry sectors, especially for smallholders and other vulnerable stakeholders;
- improved disease control and prevention capacity through effective disease surveillance;
- effective responses to other transboundary and newly emerging diseases other than HPAI, which might potentially threaten public health;
- adoption of HPAI control strategies that are sustainable and socially equitable and are realistically budgeted;
- enhanced transparency and mutual confidence in disease information exchange;
- consolidated networking;
- provision of a forum for decision makers (e.g., chief veterinary officers); and
- capacity building and development of a cadre of regional experts for mutual support.

Implementation Arrangements

Location and Duration

19. Project management will be based at the FAO Regional Office for Asia in Bangkok (RAP) while activities will be implemented in ADB's regional member countries. The Project will be implemented over a 30-month period.

Organizational Set-up

20. The Project will be executed by the Animal Health Service (AGAH) and Emergency Operations Service (TCEO) Emergency Centre for Transboundary Animal Diseases (ECTAD) under the supervision of the Chief of AGAH and the operational responsibility of the Chief of TCEO.

21. The overall responsibility for financial management of the Project will rest with the FAO, with primary responsibility being with its headquarters in Rome and secondary responsibility being with the FAO-RAP.

22. FAO-RAP will be responsible for logistical and operational support for the regional coordination and information management. Technical support of the Project will be provided by the focal points in RAP from the ECTAD decentralized unit in Bangkok.

23. Technical backstopping of the Project will be through ECTAD based within the Emergency Prevention System for Transboundary Animal and Plant Pest Diseases (EMPRES) program of the Animal Health Service in FAO Headquarters.

24. The Project will be implemented in close collaboration with OIE, WHO and ASEAN.

Recruitment of Project Personnel

25. Technical support for the Project will be provided through consultants contracted by the technical partners or by participating countries, using FAO procedures in accordance with standards of the United Nations. Consultants will be recruited primarily on an individual basis with selection based on technical criteria to support the operations and administration of the Project. If firms are required, technical specialization quality- and cost-basis selection will be used. The technical partners and participating countries will directly supervise most consulting services. The FAO personnel will have a role of coordination and technical assistance.

26. Two Project Coordinators based in Rome (ECTAD Headquarters) and RAP (Bangkok) will be recruited for 30 months. They will coordinate Project activities respectively at global and regional level and provide technical support as and when needed.

27. Three Regional Coordinators – RC (epidemiologist) will be responsible for implementation of the regional networks for diagnosis and epidemicsurveillance. The RCs will be stationed at the FAO Offices in China (East Asia), India (South Asia) and in Bangkok (South East Asia).

28. An animal health economist will be based in RAP (Bangkok) to provide support and policy guidance for development of HPAI control strategies and to provide economic, social and policy perspectives

29. In addition to the above, it is planned to deploy the following expertise:

International Consultants	Duration (months)
Veterinary legislation and regulatory matters	2
Disease control strategy and policy formulation	2
Institutional management	6
Epidemiology and disease surveillance	6
Disease information systems	6
Animal health economist	1
Laboratory diagnostics	6

International Consultants	Duration (months)
Risk analysis and contingency planning	2
Veterinary services infrastructure specialist	1

National Consultants	Duration (months)
Animal disease information systems	18
Disease control management specialist	6
Veterinary epidemiologist	18
Communication/Extension	6
Community-based participatory planning	18
Animal health legislation	6

Flexibility

30. The activities and relevant allocation of resources have been defined based on the present situation in the countries and by taking into consideration funds available and pledged by different donors to FAO. They are based on an estimate of the funds availability at country level for the planned activities.

31. At Project inception, a detailed work plan will be prepared and financial resources will be reallocated taking into consideration possible further adjustments to be made in the course of the Project life, according to emergency needs and donors contributions. Procurement needs of the Project will be identified and a detailed procurement plan for these needs will be prepared during Project implementation and the procurement plan will be updated every six months.

32. In the course of the second year, a review based on the performance indicators identified at the inception of the Project will be carried out jointly by FAO, the donor and the governments concerned to assess progress against the work plan, make suggestions for possible re-orientation and identify needs for a potential extension of Project activities.

Monitoring, Evaluation and Information

Monitoring and Evaluation

33. FAO will be responsible for constant monitoring of Project activities with the support of the counterpart and implementing partners. The Technical Divisions of FAO will provide technical guidance for the monitoring and assessment of the Project. FAO establishes a simple internal monitoring system defining the performance indicators for further evaluations. On the basis of this information, FAO staff will regularly review Project progress recognize problems encountered and recommend solutions to these.

Activity	PY1				PY2				PY3			
	1	2	3	4	1	2	3	4	1	2	3	4
Regional coordination workshops and meetings		x	x				x					
Technical support services		x			x				x			
Project review						x			x			
Final evaluation										x		
Component 2. Regional Co-ordination and Communication												
Identify Lead laboratory and assess needs for strengthening	x											
Identify national laboratories and establish network with lead laboratory	x											
Procure equipment for laboratories		x	x									
Design and implement epidemiological studies	x	x	x	x	x	x	x	x				
Evaluate regional and national preparedness and response plans and ensure harmonization	x	x	x									
Conduct workshops to exchange and compare epidemiological and surveillance information and economic and policy analyses and advice				x		x		x				
Training in laboratory diagnostics and epidemiology			x	x	x	x	x					
Component 3. Capacity for immediate and effective response to HPAI outbreaks												
Assess regional and national resources and needs for response capacity	x	x										
Develop list of equipment and personnel requirements for rapid response and develop rapid supply chain for the region	x	x	x	x								
Conduct simulation exercises to test capacity to respond effectively				x				x				
Assess national legislation for ability to enforce compliance with control procedures and/or encourage compliance with compensation	x	x										
Workshops with government agencies to assist with national preparedness for rapid response			x			x						
Component 4. Project Management												
Conduct workshops and meetings with ECTAD HQ, Regional and National staff to ensure Project coordination and management		x				x						
Conduct workshops and information sessions with other partners at regional and national level			x				x					

Budget

38. The Project costs by location and budget line is given in the tables below.

Allocation	Year 1	Year 2	Year 3	Total
Consulting Services (including travel)	1,915,000	1,915,000	978,000	4,808,000
Equipment	106,000	106,000	54,000	266,000
Training, Research and Development, Meetings, Conferences and Exchanges	250,000	250,000	110,000	610,000
Incremental Cost, Administration, Logistics and Supply Management	322,000	322,000	162,000	806,000
Total	2,593,000	2,593,000	1,304,000	6,490,000

Allocation	ECTAD HQ	Regional Office Bangkok	South Asia	South East Asia	East Asia	Total
Consulting Services (including travel)	825,000	1,162,500	940,167	940,167	940,167	4,808,000
Equipment			88,667	88,667	88,667	266,000
Training, Research and Development, Meetings, Conferences and Exchanges			190,000	190,000	190,000	610,000
Incremental Cost, Administration, Logistics and Supply Management			268,667	268,667	268,667	806,000
Total	825,000	1,162,500	1,487,500	1,487,500	1,487,500	6,490,000

Design and Monitoring Framework

Design Summary	Performance Targets/ Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
Impact			Assumptions
Reduced social and economic disruption due to avian and human influenza outbreaks in Asia and the Pacific.	<ul style="list-style-type: none"> Economic growth in the region remains as projected in Asian Development Outlook (ADO) Trends in poverty reduction does not slow 	<ul style="list-style-type: none"> ADO 2009 ADB's Poverty Reduction Progress Report 2009 	<ul style="list-style-type: none"> No other epidemic affects the region Other natural calamities or/and economic and political problems may affect the trends in economic growth and poverty reduction
Outcome			Assumptions
<ul style="list-style-type: none"> Containing infection at source from H5N1 avian influenza 	<ul style="list-style-type: none"> Number of H5N1 influenza outbreaks in poultry and poultry mortality remain below 2004-2005 levels in the region 	<ul style="list-style-type: none"> Reports from FAO 	<ul style="list-style-type: none"> Sufficient resources and coordination mechanism will be in place without undue delay
Outputs			Assumptions
<p>Component 1: Capacity Building at the Regional Level</p> <p>1.1. Strengthened national capacities for containing avian influenza outbreaks through support from FAO</p> <p>1.2. Strengthened national capacities for preventing H5N1 human influenza by controlling avian influenza at its source in poultry</p>	<ul style="list-style-type: none"> Improved surveillance systems for avian influenza Trained and well resourced teams in place to rapidly stamp out any reported outbreaks in all countries by the end of the first year National plans for avian influenza preparedness prepared, rehearsed and resourced in all DMCs by the end of 2006. A lead regional laboratory with full AI diagnostic capacity and a national laboratory in each DMC capable of diagnosis of avian influenza to H5 level by the end of 2006. 	<ul style="list-style-type: none"> Reports from FAO Reports from FAO 	<ul style="list-style-type: none"> Adequate resources will be available for compensating poultry farmers to encourage quick reporting Uncertainty of outbreak will not dilute the high level political commitment
<p>Component 2: Regional Coordination and Communication</p> <p>2.1. Improved coordination between affected countries and technical agencies for regular exchange of epidemiological information, laboratory specimens, and supplies</p>	<ul style="list-style-type: none"> A system for regular sharing of epidemiological and laboratory information in place by the end of 2006. Regular meetings of border and quarantine officials 	<ul style="list-style-type: none"> Project progress reports from FAO 	<ul style="list-style-type: none"> Government and donors will coordinate exchange of information Government and donors will provide regular updates on support

Design Summary	Performance Targets/ Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
2.2. Rapid field response and containment capacity at regional level	<ul style="list-style-type: none"> • A cadre of about 100 national and international professionals trained by the end of 2006. • All countries and FAO linked through telecommunication systems by the end of September 2006. • Field information management system adapted • A regional Emergency Centre for Transboundary Animal Diseases (ECTAD) developed by the end of the Project period. 	<ul style="list-style-type: none"> • Project progress report from FAO 	<ul style="list-style-type: none"> • Appropriate national and international professionals will be available and willing to participate
2.3. Enhanced risk communication efforts in all countries	<ul style="list-style-type: none"> • Messages related to AI risks communicated to different target groups according to FAO guidelines by the end of the Project. 	<ul style="list-style-type: none"> • Reports from FAO 	<ul style="list-style-type: none"> • Countries have resources for well-designed communication activities • Target groups have access to veterinary services
<p>Component 3: Capacity for immediate and effective response to HPAI outbreaks</p> <p>3.1. A flexible and fast-disbursing mechanism in place to address the needs of an evolving and uncertain avian influenza epidemic, in particular to support rapid regional access to vaccines, supplies and personal protective equipment for containing AI outbreaks and national response to outbreaks.</p> <p>Component 4: Project management</p> <p>4.1. Develop capacity to manage Project to ensure co-ordination of staff at HQ, Regional and National offices.</p> <p>4.2. Manage co-ordination with partners and government agencies</p>	<ul style="list-style-type: none"> • Regional stockpile or streamlined access to supplies and equipment established by the end of 2006. • AI outbreaks containment efforts not constrained by lack of administrative budget in low-income countries • Quick support provided for early action to contain the AI outbreaks • Workshops and meetings held to ensure involvement of all parties during planning, implementation and analysis phases 	<ul style="list-style-type: none"> • Reports from FAO • Project progress reports • Reports on workshops and minutes of meetings. 	<p style="text-align: center;">Assumptions</p> <ul style="list-style-type: none"> • FAO will be quickly able to develop guidelines and logistics arrangements for regional supplies and respond to the needs of affected countries. <p>Risks</p> <ul style="list-style-type: none"> • Containment of AI outbreaks hampered by lack of resources in low income countries <p>Assumptions</p> <ul style="list-style-type: none"> • All parties remain willing and committed to active participation in the planning and implementation in spite of development of competing priorities with time.

Activities with Milestones	Inputs
<p>Component 1: Capacity Building at Regional Level <u>Containing infection-at-source</u> 1.1.1. Strengthening the FAO network of expertise on avian influenza 1.1.2. Support for strengthening laboratory services and training</p> <p>Component 2: Regional Coordination and Communication <u>Strengthening networks</u> 2.1.1. Support existing mechanisms for improved coordination and exchange of information—meetings, workshops, websites 2.1.2. Support existing regional networks (for avian influenza, first, but ultimately for emerging diseases) related to (i) epidemiology (ii) laboratory (iii) information sharing</p> <p><u>Regional capacity for rapid field response and containment</u> 2.2.1. Development of standard operating procedure; 2.2.2. Training of a cadre of 100 national and international professionals 2.2.3. Timely development of ECTAD networks 2.2.4. Field logistics, mobility and communications to support the rapid response team 2.2.5. Support for Information and Communication Technology, strengthening IT network,</p> <p><u>Risk Communication</u> 2.3.1. Develop communication plans for different target groups, including Governments (for the needs for strengthening national veterinary services) 2.3.2. Recruit consultants to help build the capacity of country agencies, organizations and develop regional/country risk communication strategies 2.3.3. Develop prototype communication material for use at national and regional levels</p> <p>Component 3: Capacity for immediate and effective response to HPAI outbreaks 3.1.1. Support rapid regional access to vaccines and supplies. 3.1.2. Support urgent needs for containing AI outbreaks at country level through strengthened national and regional resources.</p> <p>Component 4: Project Management 4.1. Establish Project management infrastructure 4.2. Provide support to Project operations with partners and government agencies 4.3. Monitor and evaluate Project operations</p>	<ul style="list-style-type: none"> • ADB: \$28.0 million <ul style="list-style-type: none"> - ADF Grant: \$25 million - TASF Grant: \$3 million • JSF Grant: \$10.0 million • Component 1: \$12.46 million • Component 2: \$8.34 million • Component 3: \$14.50 million • Component 4: \$0.60 million • Contingencies: \$2.10 million



ADB

Asian Development Bank

4 April 2007

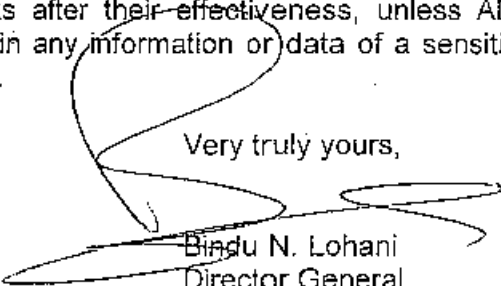
Mr. Tesfai Teclé
Assistant Director-General
Technical Cooperation Department
Food and Agriculture Organization
Rome, Italy

Dear Mr. Teclé:

Re: Grant No. 0041-REG (SF): Prevention and Control of Avian Influenza in Asia and the Pacific Project - Amendments to the Grant Agreement

1. This has reference to the Grant Agreement (Special Operations) between the Food and Agriculture Organization ("FAO") and the Asian Development Bank ("ADB") dated 28 April 2006 (the "Grant Agreement") for the captioned Project (the "Project").
2. FAO and ADB agree that the Grant Agreement shall be amended as stipulated in Attachment to this letter.
3. Please indicate the agreement of FAO to the proposed amendments by counter-signing two originals of this letter, as indicated below. Please return one copy of the counter-signed letter to my attention. The amendments to the Grant Agreement shall be considered effective in accordance with this letter, as of the date of the receipt of the signed counterpart of this letter by ADB.
4. Please be advised that according to the ADB's Public Communications Policy (PCP) on disclosure and exchange of information, any amendments to the Grant Agreement will automatically be publicly disclosed within 2 weeks after their effectiveness, unless ADB is advised by return mail that the amendments contain any information or data of a sensitive or confidential nature falling under the PCP exceptions.

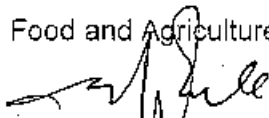
Very truly yours,



Bindu N. Lohani
Director General
Regional and Sustainable
Development Department

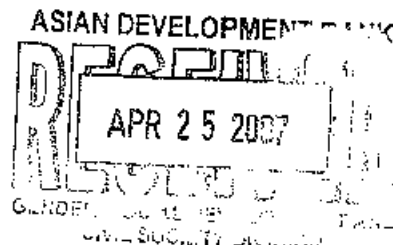
Agree to the amendments in the Attachment and confirm that such amendments do not contain any information or data of a sensitive or confidential nature falling under the PCP exceptions:

Food and Agriculture Organization



Tesfai Teclé
Authorized Representative
Date:

23 APR 2007



Attachment

1. Recital B shall be amended as follows:

(B) FAO has applied to ADB for a grant for the purposes of financing activities under Components 1(a)[ii], 2 and 3 of the Project described in Schedule 1 to this Grant Agreement; and

2. Section 2.01 of the Grant Agreement shall be amended as follows:

Section 2.01. ADB agrees to make available to FAO from ADB's Special Funds resources, on terms and conditions set forth in this Grant Agreement, an amount of seven million nine hundred ninety thousand Dollars (\$7,990,000) as follows:

(a) an amount of five million five hundred twenty-four thousand Dollars (\$5,524,000) from ADF;

(b) an amount of two hundred eighty-five thousand Dollars (\$285,000) from TASF; and

(c) an amount of two million one hundred eighty-one thousand Dollars (\$2,181,000) from JSF.

3. Section 3.01 shall be amended as follows:

Section 3.01. FAO shall cause the proceeds of the Grant to be applied to the financing of expenditures under Components 1(a)[ii], 2 and 3 of the Project in accordance with the provisions of this Grant Agreement. FAO shall ensure that the portion of the Grant financed from ADF resources is used for the benefit of ADF-eligible borrower DMCs listed in Attachment 2 to Schedule 5 to this Grant Agreement.

4. Attachment to Schedule 2 shall be replaced with the following:

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS*					
(Thousand of Dollars)					
(Prevention and Control of Avian Influenza in Asia and the Pacific Project)					
		ADF	TASF	JSF	Total
Regional Capacity Building and Regional Coordination					
1	Consulting services (including travel)	3,325	171	1,312	4,808
2	Equipment	183	11	72	266
3	Drugs, Protective Clothing, and Supplies	0	0	0	0
4	Information, Communication, Data Management	0	0	0	0
5	Training, Research and Development, Meetings, Conferences, and Exchanges	423	20	167	610
6	Incremental Cost, Administration, Logistics, and Supply Management	557	29	220	806
	Subtotal	4,488	231	1,771	6,490
Avian Influenza Response Facility					
	Bangladesh	1,036	54	410	1,500
	Subtotal	1,036	54	410	1,500
	Total	5,524	285	2,181	7,990
	Percentage Allocation	69.1%	3.6%	27.3%	100%

* Exclusive of duties and taxes.